

CHARTER TOWNSHIP OF DELTA
Public Meeting Room B
Delta Township Administration Building
7710 West Saginaw Highway
Lansing MI 48917

TOWNSHIP BOARD COMMITTEE OF THE WHOLE MINUTES
MONDAY, MAY 12, 2014

I. CALL TO ORDER –

Supervisor Fletcher called the meeting to order at 6:00 p.m.

II. ROLL CALL –

Members Present: Trustees Karen Mojica, R. Douglas Kosinski, Jeff Hicks and Dennis Fedewa, Treasurer Howard Pizzo, Clerk Mary R. Clark, and Supervisor Kenneth Fletcher.

Members Absent:

Others Present: Township Manager Richard Watkins, Deputy Manager Jenny Roberts, Finance Director Jeff Anderson, Utilities Director Tom Morrissey, Community Development Director Mark Graham, Township Engineer Gary Arnold, Fire Chief John Clark, and Assistant Fire Chief Mike Roman.

III. SET/ADJUST AGENDA –

TRUSTEE HICKS MOVED TO ADOPT THE AGENDA AS PRESENTED.

TRUSTEE MOJICA SUPPORTED THE MOTION.

THE MOTION PASSED 7-0

IV. PUBLIC COMMENT – None

V. MANAGER'S REPORT –

- Manager Watkins stated the banners are being installed along Saginaw Highway and will be completed May 14, 2014.
- Manager Watkins stated that a representation of the new "I Am Delta" logo was received for the Snow Road water tower repainting and it looks excellent.
- Manager Watkins stated that the Township was notified last week by Standard & Poors that a review of the Township bond rating and stated they had raised the rating to AA+, however Manager Watkins stated that the Township has been a AA+ all along.

Supervisor Fletcher asked what is required to get a AAA rating and Manager Watkins stated he didn't know exactly but thought perhaps the agency was still

nervous about Michigan. In addition, Manager Watkins stated after the downturn in the economy that S & P has been a little more conservative in their ratings compared to other rating agencies.

VI. ITEMS OF DISCUSSION –

1. Township Manager Search Discussion

Supervisor Fletcher stated that after Manager Watkins announced his retirement that he asked him to start getting bids from firms that have done searches in Michigan recently and that there are essentially two, the Michigan Municipal League and WHR USA that has done around 4 and the person in charge is Jerry Richards, the former Manager of Meridian Township.

Supervisor Fletcher stated after reviewing the two proposals and speaking with officials in Meridian Township who completed a search about a year ago, used the Michigan Municipal League and were happy with the outcome of that search. Supervisor Fletcher stated that he has also spoken with Grand Ledge who is in the process of a search to replace their Manager and they are also using Michigan Municipal League and have been very happy.

Supervisor Fletcher stated based on those recommendations, he would request to use Michigan Municipal League for the Township search. The MML would come in and meet with the department heads to have discussions about what is being looked for, as well as meet with the Board to gather the desires of the Board. The MML will put together the marketing materials and the advertisement. Supervisor Fletcher stated that once the candidates come in, they will organize, interview, complete background checks, etc. The Board can decide how much of the process they want the MML to complete as well as how many candidates to narrow it to. Supervisor Fletcher stated after a candidate is selected, the MML can help negotiate and put together a contract.

Trustee Fedewa stated that the MML has listed their previous clients including Delta Township and wondered when the Township has used them before. Manager Watkins stated for the Fire Chief position and possibly one other time.

Clerk Clark stated that she likes what she has seen and agrees with the medium level of services from MML.

Supervisor Fletcher stated that he doesn't believe that the Township needs visits with the community or the extra items in the platinum packet. There was general consensus to work with the Michigan Municipal League and would bring it to the Board for approval at the next Board meeting.

2. Mt. Hope Property/Pointe West Subdivision Detention basin Discussion, Mark Graham

Manager Watkins stated after the last meeting when this was discussed. Community Development Director Graham, Assistant Community Development Director Gary Bozek and he met along with Attorney Gordon VanWieren to review all of the issues and after having done that, Manager Watkins stated that he is comfortable going ahead with the proposal.

Manager Watkins stated that a thorough review was done with Attorney VanWieren and further noted that the proposal is beneficial for both the Township, the developer and the subdivisions as well as the entire community.

Community Development Director Graham stated he didn't have much to add, however would like to update two things. The first is that Attorney VanWieren stated the Township should look into the Title Insurance policy for the park property to make sure there is one, and there is nothing on the deed to prevent using the property in any matter. Community Development Director Graham stated that there is a policy and there are no use restrictions.

Community Development Director Graham stated that the Eaton County Drain Commissioner Richard Wagner called late May 9, 2014 to check on the progress. To summarize Mr. Wagner's comments, Community Development Director Graham stated that there is a problem out there and would hope the Township would do what it could to address the problem and indicated preliminarily that he, Mr. Wagner, wouldn't have a problem accepting a 433 to take over maintenance.

Jeff Kyes representing Eastbrook Homes mentioned previous discussion of possibly losing lots to develop the detention basin on Pointe West property. Mr. Kyes stated the basin could be done with the park in the back of Pointe West property and part of the Ashford property however; it would create a situation of a wet basin not aesthetically pleasing and would only handle the water coming to it right now. Mr. Kyes stated it would not provide the Township anything on its property. Mr. Kyes stated the developer would not have to give up lots to put it on the property.

Mr. Kyes reiterated that the development is three steps, first being this detention basin, second to divert the water to the correct pipe on Pointe West, and third would be the Ashford 3 & 4 development. Preliminary plans are ready for both the diversion and the Ashford development.

Treasurer Pizzo asked where Ashford 3 is located and Mr. Kyes stated it is the eastern portion of Ashford Manor and also the part that has 4 ½ acres draining to the same catch basin that has the issue by the cul-de-sac.

Trustee Hicks asked in terms of access, whether the Township request an easement for purposes of ingress and egress until such time as the park property is developed. Community Development Director Graham stated that

was correct, that when the plat comes in for Pointe West 3 it would be designated as an out lot. Mr. Kyes stated in order to dedicate the 433 and the detention basin to the drain office, access has to be given to the Drain Office. Trustee Hicks stated he wanted to ensure that access is from Pointe West as opposed to ingress from Mt. Hope. Mr. Kyes stated it would be given through the road system. Mr. Kyes stated that in the future, the road would be designated as public.

Treasurer Pizzo clarified the 15' access was Ashford Manor, Mr. Kyes stated that it was part of the preliminary plat approval and is pedestrian. Mr. Kyes further stated that Pointe West is where utilities will come in to serve the park.

Trustee Hicks asked Community Development Director Graham how the Township ensures the width of the access, and that if it is part of the 433 agreement it is just a matter of giving access and typically wouldn't see a 40' swath for access. Mr. Kyes stated if the access was only over the pipe it would be 30', that the 40' in this case accommodates sanitary and water in the same location. Mr. Kyes stated he would also have to give access from the detention basin to the dedicated path.

Trustee Hicks asked how long it is anticipated to get approval on the 433 agreement. Mr. Kyes stated that the reviewing process is three weeks, then moves on to the State for approval. The process is to start construction and prepare the documents for the 433; the drain office puts it in the forms provided to them with descriptions provided by the developer.

Trustee Hicks asked if there is a potential that the Drain Commissioner does not accept the agreement, and wants to ensure that it doesn't become the obligation of the Township – should the Drain Commissioner deny taking jurisdiction of the detention basin. Trustee Hicks believes that should that occur, the onus becomes that of the developer despite the basin being on Township property. Manager Watkins stated that those eventualities have been covered and would be included in the final document.

Trustee Hicks stated that he is not necessarily interested in the easement, rather the requirement. Once the Drain Commissioner's office took over maintenance, an easement would no longer be necessary for the purposes of the drain commission getting in to maintain. Mr. Kyes stated it is important to make sure the Township also has a legal outlet to the dedicated storm system.

Trustee Fedewa stated that if there was any future activity or development on the park property that would add to drainage toward Pointe West and Ashford Manor that the Township would be responsible for that, and asked if this detention basin would potentially be a receptacle for runoff depending on how it is graded. Mr. Kyes stated that the developer is basing it on an agreed upon figure, that currently the basin is configured with the park being developed with

very little asphalt, if that were to change, the basin could be expanded and the outlet remain.

Manager Watkins also stated that the Township would lose access to the drain as well and that access would be needed when the park is developed.

Trustee Hicks stated that the Township would not lose tax revenue, because the developer is not giving up sale lots only green space, therefore there is no homestead or property tax on those lots.

Gloria Kovnot lives at 10803 Canterbury Lane in the Pointe West complex. Ms. Kovnot stated that all of the water is coming into Pointe West. Mr. Kyes stated that part of the park, part of the parcel west of the park and 4 ½ acres from Ashford come through Pointe West right now and goes into the Pointe West system. Mr. Kyes stated the issue of flooding at the cul-de-sac is that currently all of that is coming to a smaller pipe with one inlet at the cul-de-sac instead of the larger pipe where it was designed to go. That the water in the future will still come to the cul-de-sac but at a much lower rate, that the detention basin provides a more stable and constant outlet at a slower rate. Ms. Kovnot asked when it was thought the process would begin and Mr. Kyes stated about six weeks away from starting construction based on the process starting soon.

Trustee Hicks requested that the cost to memorialize the agreement with Township Attorney fees to a cap of \$2,000 be the burden of Eastbrook, Community Development Director Mark Graham clarified that the \$2,000 attorney fee was his estimate. Trustee Hicks stated it is a significant benefit to the developer and slightly unusual for the Township.

There was consensus to move forward with bringing the proposal to the Board.

3. Utility Rate Increase Discussion, Jeff Anderson

Finance Director Jeff Anderson stated at the May 1, 2014 Utility Committee meeting, the committee unanimously recommended to bring to the Township Board a rate increase of 2% on the waste water side and 3% on the water side.

Finance Director Anderson stated that a couple of things to note; the Township is currently and will continue to have the second lowest rate in the region with the rate increase. In addition, historically rates have been increased consistently around 5% annually, while increases from the Board of Water and Light to the Township annually since 2008 have been 6.9%, 19.6%, 17.7%, 9.0%, 0% last year and looks to be the same this year. Finance Director Anderson stated that the Township has been able to absorb much of those costs through time keeping rates constant for our residents, becoming more efficient and also reducing the burden transfer onto our customers.

Finance Director Anderson stated the 3% increase on the water side generates a positive cash flow of over \$300,000.00 for the Township and pointed out the Township paid off \$3.1 million in Bonds last year and at the time Manager Watkins stated that the Township needed to begin recouping that. Finance Director Anderson stated he felt that the 3% increase is about the right number – that is just about 10% of what was paid to achieve the interest savings in the future and is the lowest increase since May of 2009 and has been at a 5% increase annually since then.

Finance Director Anderson stated that the sewer increase of 2% and covers the Township's increased cost for supplies and staff including all wages and benefits, further stating the increase is historically consistent (between 1 ½- 2 ½ for the last several years).

Finance Director Anderson stated that both increases would result in a \$1.14 additional cost per month or \$13.68 a year to the average consumer. Finance Director Anderson summarized by stating the Utilities Committee was unanimous; it creates cash flow, enabling savings for future capital improvements and is bearable for the outstanding service provided. Finance Director stated that he would have a public hearing at the next Board meeting and ask the Township Board to vote on the increase to make it official as of June 12, 2014 – which would be the bill received the first of July for June service. Finance Director Anderson stated an insert would be included stating "on this date the Township Board approved this rate increase".

Trustee Hicks asked Finance Director Anderson to explain for the benefit of the residents present, historically how much the Township has seen in increases and why there is an increase this year even though the Board of Water and Light is not passing an increase on to the Township. Finance Director Anderson stated that since 2008 the BWL has increased the Township rate close to 70% and the Township rates to residents have gone up 27%. Finance Director Anderson stated the reason for the increase this year is that the Township still has pipe to maintain, increased costs for supplies, equipment and staff. Finance Director Anderson stated that nine years ago, the cost from the BWL was 30% of the Township charge to residents – the BWL charge is now over 60% of the cost of the Township charge to residents. Finance Director Anderson stated that administration and other costs nine years ago used to be 70% is now 40%, and over the course of that time, the Township has mitigated those increased costs to the residents and even though a rate increase is not anticipated this year, the Township still needs to recoup some of those costs.

Clerk Clark clarified that there wouldn't be a public hearing however there would be time for public comment. Manager Watkins stated that the Board could vote on the rate increase.

Trustee Fedewa asked Finance Director Anderson his opinion of the cause of the increase of rates and wondered if it was due to aging infrastructure. Finance Director Anderson stated that the Township is being charged rates as defined in their contract. Manager Watkins stated that a contract was negotiated when first entered into BWL based upon the Township being 35% of their business, that the BWL had lost all of its industry, the Township needed conditioned water, therefore a rate was negotiated that was beneficial to both. Manager Watkins stated that about five years ago negotiations were finalized and in the agreement, the Township rates were tied to the BWL rates and they couldn't raise the Township rates any higher than theirs. Manager Watkins stated the BWL started throwing a Detroit law suit at the Township stating the rate they had it set at was illegal and had to recoup a full cost of service. Manager Watkins stated that resulted in about three years of negotiations to sort that out and that the BWL wanted 100% rate increase over what the Township was paying is what they initially demanded and ultimately settled at a 50% rate increase. Manager Watkins stated that if the Township had sued the BWL over it, there was a 50% chance of losing and the Township chose to mitigate those costs by settling.

Manager Watkins stated that any new increases in the future are based upon a cost of service study and is tied to a "like" customers rate meaning that if they have a large customer the BWL cannot increase the Township rates more than their own customer like a GM. Manager Watkins stated that means if they give GM a 9% increase, they can increase Township rates 9% as long as the cost of service study shows it is needed.

Supervisor Fletcher stated that the Township is fortunate not to be seeing an increase this year because originally the increase this year was going to be 9%, postponed in part because of the ice storm – now the earliest time a rate increase would be assessed is this fall. Supervisor Fletcher stated that the Township is not likely to see an increase this year, but perhaps a big one next year.

Trustee Kosinski stated that was part of the reason that the Utility Committee recommended the rate increase was the anticipation of the rate increase which in turn levels out the costs to the customers over time rather than one huge increase.

Trustee Hicks agreed with the rationale of the increase and complimented Finance Director Anderson in the handling of the increase. Trustee Hicks stated the Township is not without leverage if the rates become too onerous on the Township. Manager Watkins stated that the BWL has investment in the infrastructure in the Township and should they lose the Township as a customer, they would still have the investment in the infrastructure.

Finance Director Anderson stated that when Manager Watkins spoke with the BWL last week, he essentially stated that the Township cannot stand for another 75% over four year period and that the Township does have options and will explore them if needed.

There was a general consensus to move forward.

Supervisor Fletcher noted that in honor of Manager Watkins 21 years of service the Township is planning on having a community celebration on July 10, 2014 – the day prior to his retirement. Supervisor Fletcher stated it is being held at the Crowne Plaza and the Township is hosting the event, paying for it out one of the contingency accounts. There was general consensus to move forward.

VII. ADJOURNMENT

Supervisor Fletcher adjourned the meeting at 6:42 p.m.

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MARY R. CLARK, CLERK

KENNETH FLETCHER, SUPERVISOR